

NOTICE OF PROPOSED NEW RULE

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Division of Administrative Rules.

Agency Information

1. Agency: Insurance - Administration
 Room no.: 3110
 Building: STATE OFFICE BLDG
 Street address 1: 450 N MAIN ST
 Street address 2:
 City, state, zip: SALT LAKE CITY UT 84114-1201
 Mailing address 1: PO BOX 146901
 Mailing address 2:
 City, state, zip: SALT LAKE CITY UT 84114-6901

Contact person(s):

Name: Phone: Fax: E-mail:

Jilene Whitby	801-538-3803	801-538-3829	jwhitby@utah.gov
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(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 36745 Date filed: 09/07/2012 04:13 PM
 State Admin Rule Filing Key: 153167
 Utah Admin. Code ref. (R no.): R 590 - 265 -

Title

2. Title of rule or section (catchline):
 Hazardous Financial Condition Rule.

Notice Type

3. Type of notice: New Rule

Rule Purpose

4. Purpose of the rule or reason for the change:

The purpose of this rule is to set forth the standards the commissioner may use to identify insurers found to be in such condition as to render the continuance of their business hazardous to the policyholder, creditor, and general public. This rule is a national standard set by the National Association of Insurance Commissioners and is one of the requirements that an insurance department must be in compliance with to maintain their accreditation status.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.
No

Rule Summary

6. Summary of the rule or change:

This rule is to set forth the standards the commissioner may use to identify insurers found to be in such condition as to render the continuance of their business hazardous to the policyholder, creditor, and general public.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

This rule will not change the workload of the department. It simply identifies additional ways financial examiners and analysts can spot hazardous financial condition and hopefully take steps sooner to have the insurer take corrective action.

B) Local government:

Affected: No

This rule will have no impact on local governments since it deals solely with relationship between the department and insurance companies licensed through them.

C) Small businesses:

Affected: No

("small business" means a business employing fewer than 50 persons)

This rule does not deal with small businesses. It regulates the financial standing of insurers that are large insurers licensed through the department.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

This rule follows the national standard set through the National Association of Insurance Commissioners (NAIC). It will have no fiscal impact on insurers nor increase their workload. It is a guide and standard that will help the Department identify insurers in a financially hazardous condition. Awareness of the standards in the rule may also help insurers to avoid or more quickly identify a financial hazardous condition.

Compliance Cost Information

8. Compliance costs for affected persons:

The rule will have no financial impact on insurers nor increase their workload. It is a guide and standard that will help the Department identify insurers in a financially hazardous condition. Awareness of the standards in the rule may also help insurers to avoid or more quickly identify a financially hazardous condition.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

This rule will not add costs or additional workload to businesses under its regulatory authority. It may help them avoid a financially hazardous condition or take early corrective action.

B) Name and title of department head commenting on the fiscal impacts:

Neal T. Gooch, Insurance Commissioner

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

13A-27a-101(3)(c)

31A-2-201

31A-27-503(1)(a)(v)

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page):

Publisher:

Date Issued:

Issue, or version:

ISBN Number:

ISSN Number:

Cost of Incorporated Reference:

Adds, updates, removes:

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

10/31/2012

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm
AM/PM):

At (place):

10/25/2012

11:00 AM

Room 3112, State Office Building, 450 N State St, Salt Lake City, UT 84114-6901

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy):

11/07/2012

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Division of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):
insurer hazardous financial condition

File Information

15. Attach an RTF document containing the text of this rule change (filename):
There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title:	Jilene Whitby Information Specialist	Date (mm/dd/yyyy): 09/07/2012
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